GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1702
ANSWERED ON:10.03.2017
Benefits of Falling Prices of Petroleum Products
Misra Shri Pinaki

Will the Minister of FINANCE be pleased to state:

(a) whether the actual decrease in the prices of the crude oil in the international markets is not reaching the general public and if so, the reasons thereof; and

(b) the measures taken by the Government to ensure that the decrease in the prices of the crude oil is not pocketed by its importers alone but also reaches the end users?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SANTOSH KUMAR GANGWAR)

(a) and (b):The prices of Petrol and Diesel have been made market determined by the Government effective 26th June, 2010 and 19th October, 2014 respectively. Since then, the Public Sector Oil Marketing Companies (OMCs) take appropriate decision on pricing of these products in line with their international prices and other market conditions. Retail Selling Price (RSP) of Petrol and Diesel in the country are linked to their respective international prices and public sector OMCs are at present applying Trade Parity Pricing methodology to compute the RSP. Other cost elements in the RSP of Petrol & Diesel viz Excise Duty, BS IV premium, marketing cost and margins etc. are specific costs which do not increase/decrease with the volatility in international prices of Petrol and Diesel. The element of excise duty which is specific in nature has been increased since November, 2014. Most of the State Governments also have increased VAT on Petrol and Diesel. After taking into account these factors, public sector OMCs have passed on major portion of the decrease in price to the consumers of Petrol and Diesel.
The Government continues to modulate the effective price to consumer for Subsidized Domestic LPG and Retail Selling Price (RSP) of PDS Kerosene. As per the Refinery Transfer Price (RTP) effective 1.03.2017, subsidy of Rs.13.50 per litre on sale of PDS Kerosene and Rs.302.57/cylinder (14.2 kg) on Subsidized Domestic LPG is being provided to the consumers.
*****